

Last week, after the first economic stabilization bill failed, it became painfully clear this was not just about Wall Street firms. The Dow Jones had one of its largest drops in history, wiping out \$1.2 trillion in investments, pensions and nest eggs of ordinary Americans.

That was only a small indication of the consequences of inaction. The credit crunch is hitting all sectors of our economy. As California State Treasurer Bill Lockyer warned, the freeze in the credit market is even chilling the state, which is running out of cash. Utilities that are constructing new facilities are having difficulty getting credit, which will either lead to energy shortages or to rate increases. And because banks are not extending loans, consumers are not able to purchase cars. This week Ford reported a 35 percent drop in sales. Many working class Americans in the automotive industry are at risk of losing their jobs. In September alone, our economy lost 159,000 jobs. We needed to stop the bleeding.

The urgency of the situation required that we not make perfection the enemy of the good. The [Emergency Economic Stabilization Act](#) (H.R. 1424), which was signed into law on Friday, is a much better plan than the one the Bush Administration sent to Congress more than two weeks ago, a mere three-page outline requesting a blank check for \$700 billion. Our leadership in both chambers negotiated an enhanced package and further improved it in the bill which became law.

I voted for this package because it enables the software entrepreneur in Cupertino to make payroll and the Gilroy farmer to purchase seed. This package reinvests to stabilize our economy and insulates Main Street from the troubles on Wall Street; it reimburses the taxpayers, requiring a plan to guarantee they will be repaid in full; and it reforms how business is done on Wall Street -- no more golden parachutes and sweeping oversight.

This improved version of the rescue package will:

- **Limit excessive compensation** to the executives of companies that participate. There will be no more multi-million dollar golden parachutes for the top five executives, and bonuses paid to executives who made false or inaccurate promises will be recovered;
- **Protect taxpayers** by requiring a plan for them to be repaid in full. It gives taxpayers a share of the profits of participating companies, or puts taxpayers first in line to recover assets if a company fails. It also requires the President to submit a plan to ensure taxpayers will recoup their full investment, with Wall Street making up any difference;
- **Ensure strong oversight and transparency** with four independent oversight entities or processes to protect the taxpayer. This includes a strong oversight board appointed by

bipartisan leaders of Congress and an independent Inspector General to Monitor the Treasury Secretary's decisions. Also, transactions will be posted online for the American public can monitor the use of their money;

- **Provide Foreclosure Assistance** by requiring a comprehensive plan for federal entities to work with servicers of mortgages to encourage loan modifications. As a holder of mortgage loans, Treasury is authorized to use its tools to prevent foreclosures.

I am also pleased that the House extended unemployment insurance, given the rising rate of unemployment. The extension would provide seven additional weeks of benefits for those whose unemployment insurance has run out, and 13 additional weeks for those in states (like California) with an unemployment rate higher than 6 percent. Without this important extension of benefits, 800,000 Americans would lose their unemployment benefits in October.

Our economy is like an ecosystem, everything is interconnected. Right now our financial systems are shutting on and off and almost everything is dependent on it: from the neighborhood grocery store, to the auto parts shop to the small graphics design company.

No doubt, we should not have been here in the first place. I am furious at the Administration's negligence and the Russian roulette recklessness of lenders and investors who put us in this predicament. Many of them lobbied their friends in the Republican-controlled Congress and the White House to gut reasonable regulations. Government was a hindrance as long as they made profits hand over fist.

When some states tried years ago to restrain predatory lending and an irresponsible mortgage industry, the Bush Administration stopped them because the 'market could regulate itself.'

As people defaulted on loans the past couple of years, the value of all these investment instruments took a dive. They dragged everything else with them and household names such as Lehman Brothers and Bear Stearns imploded.

This package will give us the tools to reverse course, but it was not all I wanted and what I believe is necessary to revive Main Street. One of those, [H.R. 4135](#), would revive an FDR institution during the Great Depression called Home Owners' Loan Corporation (HOLC). HOLC

would buy mortgages from lenders and then refinance loans to prevent foreclosures. This would have addressed the problem at the root. I also supported an economic stimulus package to invest in infrastructure and energy technologies for the future, which would create jobs and boost our economy in the long term. Unfortunately, the Senate failed to pass this important legislation.

The crisis is not over, but passing the Emergency Economic Stabilization Act was a turning point. We will continue to work on sensible policies that not only stimulate our economy, but everyone in our economy. The era of an aloof government that allowed the markets to run wild around the china cabinet is over.